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MINUTES OF
TRINTEX EXECUTIVE COMMITTEE MEETING
WHITE PLAINS, N.Y.
APRIL 6, 1988

A meeting of the Executive Committee of TRINTEX, a partnership organized under the laws of the State of New York, was held at 7:30 a.m. on April 6, 1988 at the offices of the Company located at 1 North Broadway, White Plains, NY.

Members Present: Mr. R. T. Liebhaber
 Mr. C. F. Moran

Absent: None

Others Present: Mr. T. C. Papes
 Mr. G. M. Perry
 Mr. J. H. Beall (Part time)
 Ms. S. Biegel (Part time)
 Mr. T. P. Burke (Part time)
 Ms. H. Hellmich (Part time)
 Mr. J. M. Hewitt (Part time)
 Ms. M. Kelley (Part time)
 Ms. M. H. Langer (Part time)
 Mr. J. F. Laubhan (Part time)
 Mr. H. Manning (Part time)
 Mr. R. C. Novak (Part time)
 Mr. H. C. Perce (Part time)
 Mr. J. M. Pugliese (Part time)
 Mr. H. E. Smith (Part time)
 Ms. M. R. Smythe (Part time)
 Mr. D. L. Sullivan (Part time)
 Ms. S. G. Weis (Part time)

Mr. R. T. Liebhaber presided as Chairman of the meeting, and Mr. Perry, Secretary of the Company, recorded the minutes. Upon motion duly made, seconded and unanimously carried the minutes of the March 4, 1988 meeting were approved. Mr. Sullivan, Ms. Hellmich, and Ms. Kelley were present at the commencement of the meeting.

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I. MEMBERSHIP MARKETING REPORT

The Chairman first called upon Ms. Kelley who, using visual aids copies of which are attached as Exhibit A, reported on the status of the Founding Member program. She said that about 770 Founding Members have been signed to date, of which about 670 already had modems. She pointed out that the initial list from which most of these sign-ups came is a highly qualified list, which accounts for both the high rate of interest and the high number of modems. She said that the remaining Founding Members (up to a total of 1500 under the current plan) will be obtained largely from telemarketing and direct mail campaigns to people with known interest in computers and information services, such as computer club members. She then reviewed the list of organizations targeted for telemarketing and direct mail.

The Chairman then called upon Ms. Hellmich who showed the Committee the final logo and graphics work intended for member communications, stating that the emphasis in all communications will be on the PRODIGYsm service brand identification. She said comparable graphics are being created for all applications, such as diskette labels and product packages. She then reviewed the most current member newsletter, and discussed future plans for the upcoming editions. She said that the first edition of the "PRODIGY Star" newsletter is expected out in late April.

Following these reports, Mr. Sullivan, Ms. Hellmich and Ms. Kelley retired from the meeting, and Mr. Beall joined the meeting.

II. SERVICE READINESS REPORT

The Chairman then called upon Mr. Beall who, using visual aids copies of which are attached as Exhibit B, presented the service readiness report. He said that Release 6.0.17 has now been distributed to approximately 900 members. As a result of that distribution, the number of member contacts has risen significantly. Most of these contacts were simply questions about installation procedures. However, two software problems were identified, which have now been corrected. He briefly reviewed the nature of these problems, the first being the software's inability to identify some specific versions of DOS, and the second being an ID/Password identification. Both problems involved relatively few members and have been remedied. He briefly reviewed the procedures for testing new reception system code before distribution, stating that it is impractical to verify every possible combination of PC configurations.

Mr. Beall then described the next planned Reception System Release, 6.1. He described the contents of that Release, including incorporation of the Tandy 1000 family and the IBM PS/2 models, (already nominally served by Release 6.0), VGA monochrome, and a larger stage area.

Mr. Beall then reviewed the status of the specialty applications as follows: (a) a test plan is now in place for the Kroger grocery application, and the market introduction strategy has been completed; the development plan is on schedule, but very tight; the plan calls for a test of the application by Kroger employees beginning in late June and running through the summer; (b) the definition of the Grocery Express gateway has been agreed to in principle, and a joint work schedule is in place; a controlled market test is planned for August; (c) the EAASY Sabre CRS application is proceeding toward a July on-service date for Phase I; joint design has been completed; the Phase I schedule is aggressive but achievable; and the priorities for Phases II and III are in the process of being renegotiated; and (d) the Pershing brokerage application is proceeding toward an August controlled Pershing employee test; system design is complete and gateway tests are in process.

Mr. Beall then reviewed the progress in the producer system area. He described several of the producer system tools, including: (a) TTOPS, which consists of special work stations connected by a local area network that is used to create most of the editorial content; (b) TPLAN, which is a major tool for application development; and (c) Q&A, which allows Product Development to create interactivity without the assistance of a programmer. He said that the plan is to ultimately move many of these tools into the hands of the Commercial Clients and their advertising agencies. He then reviewed a foil showing a significant increase in productivity of the production process between December, 1987 and March, 1988, stating that this increase is due largely to the improvement of the producer system tools.

Mr. Beall then discussed a product improvement called "Quick Menus" that will be introduced into the service in the June time period. He said that the introduction would be made in a few selected applications, with the intent of broadening the use over time. He then presented an on-line demonstration of the service using Quick Menus.

Following this demonstration, Mr. Hewitt joined the meeting.

III. OPERATIONS REPORT

The Chairman then called upon Mr. Hewitt who, using visual aids copies of which are attached as Exhibit C, reported on operations. Among other things, he reported on TLS availability during the month of March, compared to the January/February period, noting that availability was lower in March by about 1.2%. He said that two severe power outages had contributed to that decline. He also said that future reports will attempt to measure not only absolute periods of outage, but rather the impact of outages on member usage. He then reviewed a series of

actions that are being taken to improve availability, and described the status of the TLS construction and fit-up program.

Mr. Hewitt then reviewed a proposal for the installation of an uninterrupted power supply capability for the 445 Hamilton Avenue computer facility. He said that recent severe power outages have caused excessive system downtime, and the problem is expected to worsen going into the summer months. The proposed system would provide a 15 minute battery back-up, which should provide adequate coverage for most outages. It would cover the main computer areas on the 6th floor, as well as the Rolm PBX and the White Plains TLS. He reviewed the details of the system, and said that it is expected to cost approximately \$555,000. Since this is an unbudgeted item for 1988, he requested approval by the Committee to proceed with the installation. Mr. Papes noted that this work could be accomplished within the overall 1988 capital plan. After discussion and upon motion duly made, seconded and unanimously carried, the Committee approved the proposal as presented.

Following this report, Mr. Burke and Ms. Smythe joined the meeting.

IV. USAGE REPORT

The Chairman then called upon Mr. Burke who, using visual aids copies of which are attached as Exhibit D, reported on service usage since the last meeting. He said that the usage reports include usage by 254 members from 146 households, consisting of the Hartford testers, the Panel testers, and the Connecticut Computer Society. He said that although active usage is still very low, it did show a general upturn in the last few days following the distribution of Release 6.0. He then reviewed several foils of usage patterns, sorted by different criteria. He pointed out that the average session length is between 15 and 23 minutes, which is close to the plan of record.

The Chairman then called up Ms. Smythe who, using visual aids copies of which are attached as Exhibit E, discussed plans and programs in place to attempt to build usage, including: (a) on-service promotion of new and existing content (an enhanced highlights screen with multiple page capability and a more permanent list of what is new); (b) better packaging of product content (removing "Hartford only" flavor; reorganization of the shopping building; creation of a new service directory; and reorganization of the lifestyle building); (c) expanded editorial depth (including local content for San Francisco and Atlanta); (d) improved response time; and (e) expanded service hours (6 a.m. to midnight in all markets by June 1). Ms. Smythe then described a promotion currently underway called "April Shower of Savings" and the preliminary plan for a second promotion known tentatively as the "Name Game".

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Following these reports, Mr. Burke and Ms. Smythe retired from the meeting, and Messrs. Manning and Smith and Ms. Langer and Ms. Biegel, joined the meeting.

V. CLIENT REPORT

The Chairman then called upon Mr. Smith who, using visual aids copies of which are attached as Exhibit F, reported on the acquisition of commercial clients. He said that March was the best month ever for his group, with 13 new Commercial Client product package contracts and one new "service plus" travel agent contract signed during the month. He briefly described the new clients, and then reviewed the prospects for the month of April. He said that Commercial Marketing has placed its first advertisement in the Wall Street Journal, American Banker and other trade media, and he expects to get good prospect results from that ad. He said that Computer Express, which has a standard product package on the service, will also be the first Commercial Client to use the new database application.

Mr. Smith then discussed the status of home banking, stating that a contract is very close with Citizens and Southern for an MHT "clone" application in Atlanta. Also, the board of directors of Trustcorp Inc., (formerly Toledo Trust) has approved an agreement that would create (with assistance and some funding from IBM) a home banking software package compatible with IBM equipment. There are still minor contract issues outstanding, but the chances look very good for completion of this agreement by mid-April. He said that the renewed talks with Bank of America are not encouraging, but are still in progress. Recent contacts with Citibank appear encouraging, notwithstanding Citibank's equity interest in CNR Partners.

Mr. Smith then said that as of March 31 there were 61 clients live on the service (exceeding the 60 client milestone) and a total of 99 client contracts signed, of which 25 have been signed this year.

Mr. Smith then said that discussions are underway with local newspapers in each of the three initial markets, and oral agreements in principle have been reached in each case to provide some local content. The areas under discussion are top local news, local columnists, and local events. Until the PRODIGY service is capable of criteria search it does not appear that a local classified ad application would be of significant value.

The Chairman then called upon Ms. Langer who, using visual aids copies of which are attached as Exhibit G, described the steps required to take a client product from the beginning of the prospecting stage, through contract signing, into product development and creation, and finally live on the service. She said that the process is long and complicated, but that it has

been shortened considerably since the first group of applications were placed live on the service last November. The average time for an "A" or "B" Package has been reduced from 20 weeks to 10, and a "C" or "D" Package has been reduced from 26 weeks to 16. She said that as a result of current experience, some aggressive targets have been set for development time, and in most (but not all) cases these are being met or exceeded. Ms. Langer, Ms. Biegel and Mr. Manning then presented an on-line demonstration of several of the newer Commercial Client applications.

Following this demonstration, Mr. Manning, Ms. Biegel, and Ms. Langer retired from the meeting, and Messrs. Laubhan, Novak and Pugliese joined the meeting.

VI. OPERATIONS SITE PROPOSAL

The Chairman then called upon Mr. Hewitt who, using visual aids copies of which are attached as Exhibit H, and with the assistance of Messrs. Laubhan and Novak, reported on the Company's proposal to establish an Operations Center, remote from the existing office facilities. He said that such a Center would house Systems Operations and Membership Services technical support. He said that administrative membership services, such as responding to billing inquiries, will be contracted out. The considerations leading to investigation of a remote Operations Center include the continued growth of the Company's data processing facilities and Membership Services needs; the limited availability of suitable space in the White Plains area; the high operating costs (notably in the cost of electrical service and labor); and the limited availability of labor in the area. He said that in looking for the appropriate site, all of these considerations were taken into account, while at the same time seeking to maximize management control and future flexibility, and to minimize relocation and other personnel problems.

Mr. Hewitt then presented management's recommendation for leasing a facility in the upper Westchester County (Yorktown Heights) area. He said that the combination of facilities and operating costs in the proposed facility would be approximately \$13.53 million over the proposed 2 year lease term, compared to about \$17.75 million in the present site (assuming available space, which is by no means certain). After considerable discussion, which included the suggestion to look into the economics of a longer term lease (such as five years), the Committee approved the proposal in concept and authorized management to negotiate a specific lease proposal or proposals, to be presented to the Committee for approval.

Following this report, Messrs. Hewitt, Laubhan, Novak and Pugliese retired from the meeting, and Mr. Perce and Ms. Weis joined the meeting.

VII. GOVERNMENT RELATIONS REPORT

The Chairman next called upon Ms. Weis who, using visual aids copies of which are attached as Exhibit I, reported on the status of various telecommunications issues as follows: (a) the FCC has decided to drop the access charge proceedings, due to strong opposition from both the industry and the Congress; however, this issue must still be watched because the FCC is philosophically committed to it; (b) Judge Greene has issued his order in the triennial review of the MFJ, which permits the BOCs to engage in activities previously prohibited, including voice storage and retrieval, electronic mail, and storage of databases generated by others; the order represents a major gain for the BOCs, but continues the prohibition against the BOCs owning, creating or manipulating content and contains very strong nondiscrimination language; the order allows the BOCs to engage in limited database storage, but the precise limits of this authority are unclear; and (c) the BOCs have now filed their ONA plans with the FCC; there appears to be little of benefit to TRINTEX in the plans, and the major concern is that they increase the exposure to repricing on a usage basis; TRINTEX will join in a filing by CONAP opposing the plans as filed.

Following this report, Ms. Weis retired from the meeting.

VIII. MILESTONE REPORT

The Chairman then called upon Mr. Perce who, using visual aids copies of which are attached as Exhibit J reported on the first quarter, 1988 Milestones. He pointed out that some of the original Milestones have been replaced because of the change in the market entry strategy. These changes have been indicated on the Milestones chart. He said that most of the first quarter Milestones were met, including the 60 live client packages reported on earlier in this meeting.

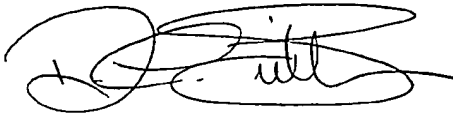
IX. PARTNER TRANSACTIONS

The Chairman then called upon Mr. Perce who, using visual aids copies of which are attached as Exhibit K presented a report on the estimate of the second quarter, 1988 transactions between the Company and the Partner companies which, under the terms of the Partnership Agreement, require approval of this Committee. He said that the estimate amounts to \$5.172 million (\$4.452 million to IBM and \$720,000 to Sears). He briefly described the nature of these transactions.

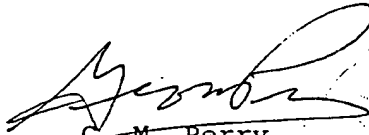
There was discussion of this report, following which, upon motion duly made, seconded and unanimously carried (but with each of the Partner company Member abstaining with respect to approvals affecting the Partner company that he represents on the Committee) the estimated Partner transactions reported to this meeting were approved as presented.

Following this action, the Chairman called the meeting into Executive Session and all persons except the Committee Members and Mr. Papes retired from the meeting. Following the Executive Session, there being no further business to come before the meeting, it was adjourned at 1:30 PM.

Respectfully Submitted,



R. T. Liebhaber
Chairman



G. M. Perry
Secretary